




To the Honorable Council
City of Norfolk, Virginia

July 21, 2015

From: David S. Freeman, AICP
Director of General Services

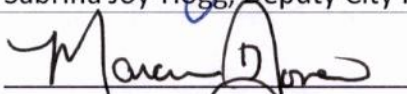
Subject: Ordinance to approve a
Lease Agreement with Old Dominion
University for property located at 501
Boush Street

Reviewed:


Sabrina Joy-Hogg, Deputy City Manager

Ward/Superward: 2/6

Approved:


Marcus D. Jones, City Manager

Item Number:

PH-1

I. Recommendation: Adopt Ordinance

II. Applicant: Old Dominion University
5115 Hampton Boulevard
Norfolk, Virginia 23529

III. Description:

This agenda item is an ordinance approving a three (3) year Lease Agreement between the City of Norfolk ("City") and Old Dominion University ("ODU") for City-owned property located at 501 Boush Street, Norfolk, VA 23510. The term of the lease will commence on August 22, 2015 and end on the date that is the last day of the month which is three (3) years after the Commencement Date.

IV. Analysis

ODU seeks to begin operation of a new business entity at 501 Boush Street designed to provide incubator services to start-up enterprises across the region as quickly as possible. The City desires to accelerate the creation of a richer entrepreneurial ecosystem in the region as it supports the City's priority of establishing Economic Vitality and Workforce Development. The City strives to be a growing, competitive and diversified economy that enhances the quality of life for residents through a wide range of housing, educational, cultural, shopping, business and employment opportunities. Approval of this Lease Agreement will allow both parties to move forward with their desired goals.

V. Financial Impact

There is no additional cost associated with the approval of this ordinance and lease agreement.

ODU will pay the City an annual rental fee of \$1.00 in addition to custodial charges, utility charges in the amount of \$481.20 per month and ODU's proportionate share of any other utilities not separately metered.

VI. Environmental

There are no known environmental issues associated with this lease agreement.

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This request has been coordinated with the Department of General Services, Office of Real Estate, and the City Attorney's Office.

Supporting Material from the City Attorney's Office:

- Ordinance
- Lease Agreement

7/13/15mr

Form and Correctness Approved:

By

Office of the City Attorney

Contents Approved:

By

DEPT.

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE APPROVING A LEASE AGREEMENT BETWEEN THE CITY OF NORFOLK AND OLD DOMINION UNIVERSITY FOR THE LEASE OF CERTAIN PROPERTY OWNED BY THE CITY OF NORFOLK AT 501 BOUSH STREET AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE AGREEMENT ON BEHALF OF THE CITY OF NORFOLK.

- - -

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Lease Agreement between the City of Norfolk ("Landlord") and Old Dominion University ("Tenant"), a copy of which is attached hereto as Exhibit A, for the use of certain property located at 501 Boush Street, is hereby approved.

Section 2:- That the City Manager and other proper officers of the City are authorized to execute the Lease Agreement for and on behalf of the City, and to do all things necessary and proper to carry out its terms.

Section 3:- That the City Manager is further authorized to correct, amend or revise the Lease Agreement as may be necessary in order to carry out the intent of the Council as expressed in this ordinance.

Section 4:- That this ordinance shall be in effect thirty (30) days after its adoption.

LEASE

THIS DEED OF LEASE is entered into as of the 20th day of August, 2015 by and between the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia ("Landlord") and Old Dominion University, a _____ organized under the laws of _____ ("Tenant").

ARTICLE I. DEFINITIONS AND CERTAIN BASIC PROVISIONS.

1.1. (a) **"Landlord":**

City of Norfolk

(b) **Landlord's Notice Address:**

City of Norfolk
810 Union Street, Suite 1101
Norfolk, VA 23510

with a copy to:

David S. Freeman, Director
Department of General Services
232 E. Main Street, Suite 250
Norfolk, VA 23510

and

Bernard A. Pishko
City Attorney
810 Union Street, Suite 900
Norfolk, VA 23510

Landlord's Address for Rent Payments:

Office of Real Estate
Department of General Services
232 E. Main Street, Suite 250
Norfolk, VA 23510

(c) **"Tenant":**

Old Dominion University

(d) **Tenant's Notice Address:**

(e) **Tenant's Trade Name:**

(f) **Tenant's Address in Building:**

501 Boush Street
Norfolk, VA 23510

(g) **"Premises"**: That certain Premises at York Street Garage, 501 Boush Street, Norfolk, Virginia 23510, containing approximately 3,287 square feet, as identified on Exhibit A. The "Building" shall refer to the property depicted on Exhibit A and any adjacent property integrated by Landlord for use with the Building.

(h) **"Initial Term"**: The period commencing on the "Commencement Date" (as defined in Section 3.2) and ending on the date that is the last day of the month which is three (3) years after the Commencement Date. The phrase "Term" as used in this Lease shall mean the Initial Term and all renewal terms (if there are any) exercised.

(i) **"Renewal Terms"**: Not applicable.

(j) **"Estimated Completion Date"**: Not applicable.

(k) **"Permitted Use"**: Office space for a business incubator, subject to the limitations on use set forth in Section 7.1(a).

(l) **"Base Rent"**: The sum of One Dollar (\$1.00) annually, payable on the Commencement Date and each anniversary thereof throughout the Term.

(m) **"Rent"**: Collectively, Base Rent and "Additional Rent" (as defined in Section 4.3).

(n) **"Base Year"**: Not applicable.

(o) **"Security Deposit"**: Not applicable.

(p) **"Tenant's Proportionate Share" or "Proportionate Share"**: Thirty percent (30%) as determined by a fraction, the numerator of which is the square footage of the Premises (3,287 square feet) and the denominator of which is the rentable square footage of the Building, (11,000 square feet).

(q) **"Interest Rate"**: The lesser of (i) fifteen percent (15%) per annum or (ii) the maximum interest rate permitted by Virginia law.

(r) **"Guarantor"**: Not applicable.

(s) **"Broker"**: Not applicable.

1.2. General. Each of the foregoing definitions and basic provisions shall be construed in conjunction with the other provisions of this Lease.

ARTICLE II. PREMISES; TERM.

2.1. Premises. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises, subject to the terms and conditions of this Lease.

2.2. Initial Term. The Initial Term of this Lease shall be for the period set forth in Section 1.1(h) of the Lease. As used in this Lease, the term "Lease Year" shall mean a twelve-month period commencing on the Commencement Date for the first Lease Year and commencing on each anniversary of the Commencement Date for each subsequent Lease year.

2.3. Equipment. Landlord shall provide the office furniture and equipment set forth in Exhibit C attached hereto for use by the Tenant in the Premises during the Term (the "City Furniture and Equipment"). The City Furniture and Equipment shall remain in the Premises throughout the Term, shall remain the property of Landlord, and at the expiration or sooner termination of this Lease, shall be surrendered by Tenant in accordance with the terms herein.

ARTICLE III. ACCEPTANCE OF PREMISES.

3.1. Possession of Premises. Prior to the Commencement Date, Landlord shall clean the carpets and paint the interior walls of the Premises and shall install two new doors in the Premises in the locations designated on Exhibit A (the "Landlord's Work"). Except for Landlord's Work, Landlord shall deliver the Premises to Tenant, and Tenant accepts the Premises, in "AS IS" condition as of the Commencement Date.

3.2. Commencement Date. The "Commencement Date" of the Term shall be August 22, 2015.

ARTICLE IV. RENT.

4.1. General. All Rent shall accrue from the Commencement Date and shall be payable by Tenant to Landlord at Landlord's Address for Rent Payments as set forth in Section 1.1(b) (or at such other place as Landlord designates by notice, including instructions on any payment coupons), without notice or demand and without any set-offs or deductions. Late payments shall be subject to administrative charges and interest pursuant to Article 25. Tenant covenants to pay all Rent as and when due.

4.2. Base Rent. Tenant agrees to pay to Landlord all Base Rent (as set forth in Section 1.1(l)), in advance, on the first day of each Lease Year during the Lease Term.

4.3. Additional Rent. Tenant shall also pay Landlord (i) utility charges in the amount of Four Hundred Eighty-One and 20/100 Dollars (\$481.20) per month, (ii) Tenant's Proportionate Share of any other utilities not separately metered, and (iii) all other sums or charges due or to become due from Tenant to Landlord under this Lease (collectively referred to as "Additional Rent"). Lessee shall pay Additional Rent to Landlord on the first day of each calendar month throughout the Term or on demand if a date for payment is not otherwise specified. If the Commencement Date is not the first day of a calendar month, then Additional Rent for such partial month shall be prorated, and Tenant shall receive a credit for any overpayment when making its payment for the calendar month following the Commencement Date.

ARTICLE V. INTENTIONALLY OMITTED.

ARTICLE VI. COMMON AREA.

6.1. General.

(a) The "Common Area" is the conference room for the common use or benefit of Tenant and the neighboring tenant, which shall be subject to Landlord's exclusive management and control and shall be operated and maintained in such manner as Landlord in its reasonable business judgment shall determine.

(b) Tenant and its employees, customers, subtenants, licensees and concessionaires shall have the nonexclusive right and license to use the Common Areas as designated from time to time, in common with Landlord, other tenants of the Building, and other persons permitted by Landlord to use the same.

(c) Landlord may temporarily close any part of the Common Area for such periods of time as may be necessary to make repairs or alterations.

ARTICLE VII. USE OF PREMISES.

7.1. Limitations on Use.

(a) Tenant agrees that the Premises shall be used solely for the Permitted Use specified in Section 1.1(k) and for no other purpose without the prior written consent of Landlord.

(b) Tenant shall keep the Premises open for business during normal weekday business hours.

7.2. Impact on Insurance. Tenant shall not use the Premises in a manner which causes an increase in the insurance premiums or invalidates any insurance policy carried on the Building. In addition to Landlord's other remedies, Tenant shall pay as Additional Rent all

increases in premiums incurred by Landlord as a consequence of Tenant's violation of this provision.

7.3. Limitations on Operations. Tenant shall not (a) permit any objectionable or unpleasant odors to emanate from the Premises; (b) place or permit any radio, television, loudspeaker or amplifier on the roof or outside of the Premises or where the same can be seen or heard from outside the building or in the Common Area; (c) place an antenna, awning or other projection on the exterior of the Premises without the prior written consent of Landlord; (d) solicit business or distribute leaflets or other advertising material Building but outside of the Premises; or (e) take any other action which in the business judgment of Landlord is a nuisance or may disturb or endanger other tenants of the Building or unreasonably interfere with their business. Tenant shall not use the Premises in violation of the prohibited uses of other tenants and occupants of the Building (nothing in this provision implies that Tenant has any right to change the use of the Premises from the Permitted Use). Landlord will furnish Tenant with a list of any such prohibited uses upon request.

7.4. Rules and Regulations. Tenant shall comply with the Rules and Regulations attached as Exhibit B in its use of the Premises and the Common Areas. Landlord shall have the right to change such Rules and Regulations or to promulgate other rules and regulations as may be deemed advisable for safety, care or cleanliness of the Building and for preservation of good order.

7.5. Hazardous Waste. The term "Hazardous Substances" shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use or storage of which is restricted, prohibited, regulated or penalized by any Law relating to pollution or protection of the environment (collectively "Environmental Laws"). Tenant agrees not to use, store, release or dispose of any Hazardous Substance in the Premises or Building. Tenant shall promptly remediate any violation of this Section 7.5 in strict accordance with all applicable Environmental Laws at Tenant's sole expense. Nothing in this Section 7.5 shall prohibit Tenant's incidental storage and use of office supplies and cleaning products in incidental quantities as customarily found in retail businesses so long as the same is in strict accordance with all Environmental Laws.

7.6. Compliance with Applicable Laws. Tenant shall maintain, at its sole expense, all permits and licenses required for its operations and the transaction of business in the Premises and shall comply with all federal, state and local laws, rules, regulations and ordinances (collectively "Laws") applicable to the use, condition and occupancy of the Premises and Tenant's business.

7.7. No Solicitations. Tenant shall not engage in, or permit its employees, agents or customers to engage in, solicitations, vending or other similar activities in the Building.

ARTICLE VIII. MAINTENANCE AND REPAIR OF PREMISES.

8.1. Maintenance and Repair by Landlord. Landlord shall keep the exterior of the Premises, including the foundation and the exterior walls of the Premises in good repair, ordinary

wear and tear excepted, and subject to Tenant's obligations under Section 8.2. Any repairs required to be made by Landlord which are occasioned by the act or negligence of Tenant, its agents, employees, subtenants, licensees, concessionaires and/or invitees, shall be paid for by Tenant upon demand to the extent not covered by insurance proceeds actually received by Landlord. If the Premises requires repairs that are Landlord's responsibility under this provision, Tenant shall give immediate written notice to Landlord, and Landlord shall not be responsible in any way for failure to make any such repairs until a reasonable time shall have elapsed after delivery of such written notice.

8.2. Maintenance and Repair by Tenant.

(a) Tenant shall keep and maintain the interior of the Premises (including, without limitation, store fronts, plate glass, windows, doors, door closure devices, window and door frames, molding, locks and hardware and painting or other treatment of interior walls) in good, clean and safe condition and shall, at its sole cost and expense, make all needed repairs, maintenance and replacements, unless such repairs and replacements are expressly required to be made by Landlord under Section 8.1, Article 15 or Article 16. This obligation shall include all utility systems exclusively servicing the Premises. Tenant shall keep all plumbing units, pipes and connections free from obstruction and protected against ice and freezing.

(b) Tenant shall keep the Premises neat, clean and free from dirt, rubbish, insects and pests and shall keep the sidewalks, serviceway and loading areas adjacent to the Premises free from obstruction and rubbish created by Tenant or related to Tenant's business. Tenant shall store all trash and garbage within the area designated by Landlord for trash pickup and removal, in receptacles of the size, design and color prescribed by Landlord. Tenant shall be responsible for arranging for trash service and paying the cost thereof. Tenant shall be responsible for any custodial serviced provided to the Premises.

(c) If any replacements or maintenance are not completed within ten (10) days after Tenant's receipt of written notice (or, in the event of emergency, after such notice, if any, as is reasonable under the circumstances), Landlord may make such replacements or maintenance and Tenant shall pay Landlord, as Additional Rent, all costs so incurred, plus an administrative fee of fifteen percent (15%) of such costs.

ARTICLE IX. ALTERATIONS.

9.1. Landlord Consent. Tenant shall not make any alterations, additions or improvements (collectively "Alterations") to the Premises without the prior written consent of Landlord, except for the installation of unattached, movable trade fixtures which can be installed without drilling, cutting or otherwise defacing the Premises ("Exempt Trade Fixtures"). However, Landlord's consent for interior alterations shall not be unreasonably withheld or delayed and shall not be required at all for any interior, non-structural alterations costing less than \$15,000 so long as such alterations will be removed at the expiration or earlier termination of the Term. All Alterations and fixtures (other than Exempt Trade Fixtures) shall remain upon and be surrendered with the Premises and become the property of Landlord upon the expiration or earlier termination of this Lease, unless Landlord requests their removal, in which event Tenant shall remove the same and restore the Premises to substantially its original condition at

Tenant's expense. Any linoleum, carpeting or other floor covering that is affixed to the floor of the Premises is deemed a permanent fixture and shall become the property of Landlord.

9.2. Requirements for Construction of Alterations. Tenant's construction, including Tenant's Work referred to in Section 3.1 (if any), shall be performed in a good and workmanlike manner, in compliance with all Laws and the provisions of this Lease, and in such manner as to cause a minimum of interference with other construction in progress and the transaction of business in the Building. Prior to commencement of any construction, Tenant shall, upon request, furnish a bond or other security satisfactory to Landlord in connection with Tenant's construction activities.

ARTICLE X. LANDLORD'S RIGHT OF ACCESS; TENANT'S USE OF ROOF.

10.1. Landlord's Right of Access. Landlord shall have the right to enter the Premises at any reasonable time upon advance notice to Tenant (which may be oral) for the purpose of inspecting the Premises, making repairs to the Premises or adjoining spaces in the Building or showing the Premises to current or prospective purchasers, lessees or lenders. Notwithstanding the foregoing, Landlord may enter the Premises at any time without any notice in an event of emergency. Landlord shall have a key to the Premises at all times and if the locks to the Premises are changed Landlord shall be provided with a copy thereof immediately.

10.2. Use of Roof. Tenant shall not be allowed on the roof or to use the roof without Landlord's prior written consent.

ARTICLE XI. SIGNS; STORE FRONTS.

11.1. Restrictions on Signs. Tenant shall not, without Landlord's prior written consent: (a) make any changes to or paint the store front; (b) install any exterior lighting, decorations or paintings; or (c) erect or install any signs, banners, canopy, window or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises, excepting only professional displays of customary type for its interior window. All exterior signs shall be subject to the prior approval by the City of Norfolk's Department of Planning and in accordance with the sign criteria established by the Department of Planning. Tenant shall keep and maintain all signs in good condition, in proper operating order and in compliance with all Laws. Landlord may subsequently amend such sign criteria, which shall then apply to any alteration to or replacement of the sign on the Premises.

Subject to Tenant's compliance with the foregoing requirements for Landlord's approval, conformance to any sign criteria and compliance with applicable Laws, Tenant shall provide and install at Tenant's own expense one (1) sign on the exterior of the Premises.

11.2. Display Windows. Tenant shall maintain all display windows in a neat, attractive condition in compliance with requirements of Section 11.1.

11.3. Installation and Removal of Signs. Tenant shall be responsible for the removal of its signs and the repair, painting, and/or replacement of the building fascia surface where signs are attached prior to the expiration or earlier termination of this Lease.

11.4. Advertising Premises for Rent. During the last twelve (12) months of the Term, and at any time Tenant is in default, Landlord shall have the right to erect on the Premises signs indicating that the Premises are available for lease.

11.5. No Free-Standing Signage. Tenant specifically acknowledges that Tenant shall not be permitted to install any free-standing exterior signage in or about the property on which the Building is located.

ARTICLE XII. UTILITIES.

12.1. Landlord's Responsibilities. Landlord agrees to provide the necessary mains, conduits and other facilities to supply water, electricity, gas (if applicable), and sewage service to the Premises. Landlord shall not be responsible for providing any meters or other devices for the measurement of utilities supplied to the Premises or for ensuring the continuation of utility service provided by third parties. Tenant shall, at Tenant's sole cost and expense, make application and arrange for utility providers to furnish services to the Premises, including the installation of all such meters or other devices.

12.2. Tenant's Responsibilities.

(a) Tenant shall be solely responsible and promptly pay all charges for electricity, water, gas, telephone service, sewage service and other utilities furnished to the Premises from and after the date Tenant takes occupancy (including all tap fees and similar charges for connecting the Premises to such utilities). Tenant shall pay the utility company directly for all separately metered utilities. Tenant shall reimburse Landlord, within fifteen (15) days, after receipt of an invoice therefor, for Tenant's Proportionate Share of any utilities that are not separately metered and not otherwise payable in accordance with the provisions of Section 4.3 hereof. Landlord may elect to furnish one or more utility services to Tenant, and in such event Tenant shall pay as Additional Rent the rates established by Landlord (which will not exceed the rates charged for the same services if furnished directly by the local public utility companies). Landlord may at any time discontinue furnishing any such services.

(b) Tenant shall pay Landlord, as Additional Rent, Tenant's Proportionate Share of all governmental stormwater charges and similar fees in connection with the operation of the Building.

(c) Tenant shall use only the necessary amount of water and sewer to carry on business in the accustomed manner. Tenant will take reasonable precautions to prevent leakage and to repair such leakage if it occurs. If the Landlord receives any increase or additional expenses for water and/or sewer usage, as a result of Tenant's use, Tenant shall Landlord, as Additional Rent, the amount of said additional cost and expenses.

12.3. Interruption of Service. Landlord shall not be liable to Tenant for any loss or damage occurring in connection with, any interruption or failure in utility services. However, Landlord will use reasonable efforts to facilitate the resumption of utility services.

ARTICLE XIII. INSURANCE AND INDEMNITY.

13.1. Tenant's Insurance.

(a) Tenant, at its own expense, shall maintain during the Term (1) worker's compensation and commercial general liability insurance (with contractual liability endorsement), including personal injury and property damage, in the amount of Five Hundred Thousand Dollars (\$500,000.00) per occurrence of property damage and One Million Dollars (\$1,000,000.00) per occurrence for personal injury or death in or about the Premises; (2) excess liability coverage in an amount not less than Two Million Dollars (\$2,000,000.00) per occurrence; and (3) fire and extended coverage insurance covering the replacement cost of (a) all Alterations and Tenant's Work installed or placed on the Premises and (b) all inventory, equipment, trade fixtures and other personal property located within the Premises, and providing business interruption coverage. Such policies shall (i) name Landlord as an additional insured, (ii) be issued by an insurance company which is acceptable to Landlord with a Bests or similar rating of A/X or better that is licensed to do business in Virginia, (iii) provide that such insurance shall not be canceled unless thirty (30) days prior written notice is given to Landlord, and (iv) be delivered to Landlord by Tenant upon commencement of the term of the Lease and upon each renewal of such insurance.

(b) If Tenant fails to maintain the insurance required under this Section 13.1, Landlord may place the coverage at Tenant's expense, and Tenant shall reimburse Landlord as Additional Rent the premiums so paid plus interest at the Interest Rate from the date of payment by Landlord until repaid, together with a fifteen percent (15%) administrative fee.

(c) Landlord shall have the right, not more often than once annually, to increase the policy limits for all insurance which Tenant is required to obtain under Section 13.1 to such amounts as Landlord reasonably determines are consistent with the policy limits of other retail properties of comparable size, location and character as the Building.

13.2. Landlord's Insurance. Landlord shall maintain (i) insurance covering the Building in an amount not less than eighty percent (80%) of the "replacement cost" insuring against the perils and costs of fire, lightning, extended coverage, vandalism and malicious mischief, and loss of rents coverage; (ii) liability insurance in such amounts and with such coverage as Landlord determines are commercially prudent and (iii) such other insurance as Landlord determines are commercially prudent and appropriate (all of the foregoing are collectively referred to as "Insurance"). Landlord shall have the right to self insure with respect to its insurance obligations hereunder.

13.3. Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord and Landlord's shareholders, officers, partners, members, agents and employees (collectively the "Indemnified Parties") from and against all liabilities, obligations, claims, damages, costs and expenses (including reasonable attorney's fees and expenses) imposed upon or incurred by or asserted against the Indemnified Parties by reason of any loss of life, personal injury or property damage that occurs in the Premises or that results from Tenant's negligence or failure to comply with its obligations under this Lease. Tenant's indemnification shall not apply to property damage covered under Section 15.6.

ARTICLE XIV. NON-LIABILITY FOR CERTAIN DAMAGES.

Landlord and Landlord's partners, agents, and employees shall not be liable to Tenant or any other person or entity for any injury to person or damage to property caused as a result of the Premises or other portions of the Building becoming out of repair or damaged, or by defect in or failure of equipment, pipes or wiring, or broken glass, or by the backing up of drains or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Premises. With respect to latent or patent defects in the Premises, Landlord's repair obligations shall not extend beyond one (1) year from the Commencement Date.

ARTICLE XV. DAMAGE AND CASUALTY.

15.1. Notice to Landlord. Tenant shall give immediate written notice to Landlord of any damage caused to the Premises by fire or other casualty.

15.2. Landlord's Obligation to Repair and Rebuild. If the Premises are damaged or destroyed by fire or other casualty insurable under standard fire and extended coverage insurance and Landlord does not elect to terminate this Lease as provided below, Landlord shall proceed with reasonable diligence to rebuild and repair the Premises. If the Premises or Building is (i) destroyed or substantially damaged by a casualty not covered by Landlord's insurance; (ii) is destroyed such that fifty percent (50%) of the floor area or more is rendered untenable by a casualty covered by Landlord's insurance; (iii) damaged to such extent that the remaining term of this Lease is not sufficient to amortize the cost of reconstruction or that it is deemed by Landlord not to be in Landlord's best interests to repair or rebuild; or (iv) damaged due to the willful misconduct of Tenant or any party acting by, through or under Tenant, then Landlord may elect to either terminate this Lease as provided below or proceed to rebuild and repair the Premises (if damaged). Such termination notice shall be given to Tenant within ninety (90) days after the occurrence of such casualty. Otherwise, Landlord shall proceed with reasonable diligence to rebuild and repair the Premises, utilizing insurance proceeds for such purpose.

15.3. Tenant's Obligation to Repair and Rebuild. Landlord's obligation to rebuild and repair under Section 15.2 is limited to restoring the Premises to substantially the condition the Premises was in as of the date of this Lease. Landlord's obligation is further limited to the extent of the insurance proceeds available to Landlord for such restoration unless Landlord opts to self-insure. Promptly after completion of such work by Landlord, Tenant shall proceed with reasonable diligence and its sole cost and expense to rebuild, repair and restore its signs, fixtures and equipment.

15.4. Continuance of Tenant's Business. Tenant agrees that during any period of reconstruction or repair of the Premises it will continue the operation of its business within the Premises to the extent practicable. During the period from the occurrence of the casualty until Landlord's Work is completed, the Base Rent shall be reduced to such extent as may be fair and reasonable under the circumstances and shall be fully abated if Tenant cannot reasonably operate in the Premises.

15.5. Requirements of Mortgagee. Notwithstanding any provision of this Lease to the contrary, if Landlord's lender notifies Landlord that the insurance proceeds will be applied to

pay Landlord's indebtedness, then Landlord may either (i) terminate this Lease by delivering written notice to Tenant within fifteen (15) days after receipt of the lender's notice, in which event the expiration date of this Lease shall be advanced to the date set forth in Landlord's notice, or (ii) delay restoration until such time as Landlord is able to procure financing therefor, in which event this Lease shall remain in full force and effect subject to Landlord's obtaining such financing.

15.6. Release and Waiver of Subrogation. Landlord and Tenant each release the other party from any and all liability or responsibility to the other or anyone claiming through or under them, by way of subrogation or otherwise, from any loss or damage to all property (real or personal) caused by fire, casualty or other cause that is insured against (or is required to be insured against in accordance with this Lease), even if such loss or damage is attributable to the fault or negligence of the other party, or anyone for whom such party may be responsible, including any other tenants or occupants of the Building.

ARTICLE XVI. EMINENT DOMAIN.

16.1. Taking. If any portion of the floor area of the Premises is taken for any public or quasi-public use pursuant to applicable Law, or by right of eminent domain or by private purchase in lieu thereof, this Lease shall terminate and all Rent for the period subsequent to the taking shall be abated, effective on the date physical possession is taken by the condemning authority.

16.2. Condemnation Award. All compensation awarded for any taking for public purposes, whether permanent or temporary (or the proceeds of private sale in lieu thereof), of the Premises and Building shall be the property of Landlord, and Tenant assigns its interest in any such award to Landlord. However, Landlord shall not claim any separate award by the condemning authority to Tenant for moving expenses or for loss of business or for the taking of Tenant's fixtures and other personal property of Tenant. Tenant expressly waives any claim for the value of the unexpired Term of this Lease.

ARTICLE XVII. ASSIGNMENT AND SUBLETTING; TRANSFERS.

17.1. Generally.

(a) (i) Except as provided in subsection (a)(ii) below, Tenant shall not assign or transfer this Lease or sublet (or grant any licenses, concessions or other occupancy rights to) all or any portion of the Premises, or enter into any management or similar contract which provides for a direct or indirect transfer of operating control over the business operated in the Premises (collectively "Transfers"), without the prior written consent of Landlord. Transfers shall include assignments, subletting and other grants of occupancy rights under all subleases as well.

(ii) Tenant may assign or sublet this Lease to any "Affiliate" of Tenant (as defined below) without Landlord's consent. "Affiliate" shall mean any entity which controls, is under common control with or is controlled by Tenant. Further, consistent with Tenant's use

of the Premises as a business incubator, Tenant may sublet the Premises to start-up companies on a temporary basis.

(b) Except as provided in Section 17.1(a) above, any Transfer without Landlord's prior written consent shall be voidable, and, at Landlord's election, shall constitute a Default under Section 19.1. Consent by Landlord to one or more Transfers shall not operate as a waiver of Landlord's rights with respect to any subsequent Transfer.

17.2. Proceeds of Transfer. Intentionally omitted.

17.3. Additional Provisions on Transfers.

(a) Subsequent to any Transfer, Tenant (and all assignees of Tenant's interest under this Lease) shall remain fully and primarily responsible and liable for the payment of all Rent and for the compliance with and performance of all of Tenant's other obligations under this Lease.

(b) Each assignee shall be required to assume Tenant's obligations under this Lease pursuant to a written assignment and assumption agreement satisfactory to Landlord and of which Landlord is a beneficiary.

17.4. Prohibition of Liens and Leasehold Mortgages. Tenant shall not mortgage, pledge or otherwise encumber its interest in this Lease or in the Premises, and any such mortgage, pledge or encumbrance shall be void and of no force and effect.

17.5. Assignment by Landlord. If Landlord assigns its interest under this Lease to a third party, and such third party assumes Landlord's obligations under this Lease accruing from and after the date of such transfer, the then current Landlord shall then be released from any further obligations under this Lease. Tenant shall look solely to such successor Landlord for performance of such obligations.

ARTICLE XVIII. TAXES.

Tenant shall be liable for all taxes levied against personal property and trade fixtures located in the Premises. Tenant shall be responsible for any leasehold taxes.

ARTICLE XIX. EVENTS OF DEFAULT AND REMEDIES.

19.1. Tenant Defaults. The occurrence of any one or more of the following events ("Defaults" or "Events of Default") shall constitute a default and breach of this Lease by Tenant:

(a) Tenant fails to pay any Base Rent or any other Rent owed under this Lease within ten (10) days after written notice of non-payment is given to Tenant;

(b) Intentionally omitted.

(c) The Premises is abandoned, vacated or closed for business to the public (other than for fire, casualty or condemnation) or Tenant fails to comply with the operating requirements, all as set forth in Section 7.1;

(d) Tenant violates the provisions of Article 17 on Transfers;

(e) Tenant fails to observe and perform any other terms, covenants and/or conditions of this Lease (in addition to those set forth in clauses (a) through (d) above), and such default continues for thirty (30) days after written notice is delivered to Tenant; however, if a default under this clause (e) cannot reasonably be cured within thirty (30) days, then so long as Tenant has promptly commenced the cure within such time and is diligently proceeding to complete the cure, Tenant shall have reasonable additional time (not to exceed thirty (30) additional days) to complete the cure;

(f) Tenant is adjudicated as bankrupt or insolvent under any state bankruptcy or insolvency law or an order for relief is entered against Tenant or any Guarantor under the United States Bankruptcy Code ("Code") and such adjudication or order is not vacated within 60 days;

(g) A case is commenced by or against Tenant under any chapter of the Code (unless the case is commenced by a third party and is withdrawn or dismissed within 60 days after the date of its filing).

19.2. Landlord Remedies.

(a) Upon the occurrence of a Default, Landlord, without notice to Tenant (except where expressly provided for below), may do any one or more of the following: (i) re-enter the Premises, without terminating this Lease, and remove all persons and property from the Premises by such means and in such manner as is in compliance with applicable Law; (ii) elect to terminate this Lease upon written notice to Tenant, at which time the Term of this Lease shall expire, but with Tenant's liability under this Lease to continue; (iii) accelerate the rent due under this Lease, (iv) sue for specific performance, injunctive relieve or to recover damages for any loss resulting from the breach; or (v) exercise any other legal or equitable rights or remedies available to Landlord, including those additional rights set forth in this Lease. In exercising any of the above remedies, Landlord may remove Tenant's property from the Premises and store the same at Tenant's expense and without Landlord being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby. Landlord may also sell such property at public or private sale, with the proceeds being applied to costs of sale and storage (including reasonable attorney's fees), amounts owed to Landlord under this Lease, and with any surplus paid to Tenant, in that order. Tenant waives any rights to re-enter the Premises and any rights of redemption.

(b) Tenant agrees that Landlord may re-let, in one or more leases, all or part of the Premises (or a premises that includes space in addition to the Premises), either in Landlord's own right or as agent for Tenant, accepting any rents then obtainable, for a term or terms that may be greater or less than the balance of the term of this Lease, and Landlord may grant concessions or free rent in Landlord's business discretion without affecting Tenant's liability for the Rent payable under this Lease. However, Landlord shall be under no duty to re-let the Premises, and Tenant's liability under this Lease shall not be affected or diminished in any way, for Landlord's failure to re-let the Premises, or if the Premises are re-let, for Landlord's failure to collect the rentals under such re-letting (absent bad faith). In anticipation of or in

connection with any re-letting, Landlord may make or perform any alterations, repairs, painting and decorations ("Re-letting Preparations") to the Premises that Landlord considers advisable or necessary in its business discretion, and such Re-letting Preparations shall not release Tenant from any liability under this Lease.

(c) To the extent permitted by law, Tenant waives any notice to quit or other provision of applicable law requiring notice or delay in an action to evict or dispossess Tenant, and all rights of redemption under any law in the event Tenant is evicted or dispossessed for any cause.

(d) Damages. If a Default occurs, Tenant shall remain liable for (i) all Rent and damages that may be due or sustained by Landlord up to the date of the Default and the performance of all other obligations of Tenant accruing under this Lease through such date (collectively "Accrued Damages"); (ii) all costs, fees and expenses (including reasonable attorney's fees and expenses, brokerage commissions and fees) incurred by Landlord in pursuit of its remedies under this Lease, obtaining possession of the Premises, removing and storing Tenant's property and renting the Premises to others from time to time (including Re-letting Preparations) (all such Accrued Damages, costs, fees and expenses being referred to collectively as the "Default Damages"); and (iii) any Future Damages (as defined below).

Future Damages, at the election of Landlord, shall be the amount (the "Deficiency") by which (A) the Base Rent and all other Rent reserved under this Lease from the date of the Default until the stated expiration date of the Term then in effect at the time of the Default exceeds (B) the net proceeds of reletting, if any, that Landlord shall receive during the same period from others to whom the Premises may be rented after deducting all Default Damages owed to Landlord. The Deficiency as reasonably estimated by Landlord shall be paid in monthly installments by Tenant on the first day of each month and shall bear interest at the Interest Rate if not paid when due, and Landlord shall be entitled to recover from Tenant each installment of the Deficiency as and when the same becomes due.

19.3. Remedies Cumulative. All remedies of Landlord shall be cumulative. Acceptance by Landlord of delinquent Rent after a Default shall not cure such Default or entitle Tenant to repossess the Premises.

19.4. Landlord's Expenses. Tenant shall reimburse Landlord for all out-of-pocket expenses and reasonable attorney's fees incurred by Landlord in connection with any Default.

19.5. Self-Help. In addition to Landlord's other remedies, if Tenant fails to timely perform any of its obligations under this Lease within the grace period (if any) applicable under Section 19.1 (but with no notice or grace period being required in an emergency situation), Landlord may cure Tenant's non-performance and charge Tenant for the expenses so incurred, together with interest at the Interest Rate from the date such expenses are incurred to the date of reimbursement by Tenant, reasonable attorney's fees and a 15% administrative charge, all as Additional Rent.

19.6. Joint and Several Liability. If Tenant is comprised of more than one party, all such parties shall be jointly and severally liable for all of the obligations and liabilities of Tenant under this Lease.

19.7. Security Deposit. Intentionally omitted.

19.8. Landlord's Default. If Landlord fails to perform any obligation under this Lease, Tenant shall give Landlord written notice specifying such failure with particularity, and Landlord shall have thirty (30) days (or such longer period as may be required in the exercise of due diligence) in which to cure any such default. Tenant shall not have any remedy or cause of action by reason of Landlord's breach unless Landlord fails to cure such breach within the specified grace period.

ARTICLE XX. TENANT LIENS.

Tenant shall have no authority, express or implied, to create, place or suffer the creation or placement of any lien or encumbrance of any kind or nature upon the Building and/or Premises, or to bind the interest of Landlord or Tenant in the Building and/or Premises, for any claim in favor of persons and/or entities dealing with Tenant, including laborers and materialmen. Tenant agrees to pay when due all amounts legally due and payable on account of any labor performed or materials furnished in connection with any work performed on the Premises and to indemnify, defend and hold Landlord harmless from and against any and all loss, liability, cost, damage and expense based on or arising out of asserted claims or liens in connection therewith. Tenant shall discharge any such lien by payment or bonding within fifteen (15) days after the same has been filed. If Tenant fails to do so, Landlord may, in addition to all other remedies, discharge such lien at Tenant's expense, and Tenant shall pay as Additional Rent Landlord's cost thereof, plus interest thereon at the Interest Rate and a 15% administrative fee. Landlord and Tenant further agree that any repairs or improvements made by Tenant to the Premises shall be deemed authorized and ordered solely by Tenant.

ARTICLE XXI. SURRENDER; HOLDING OVER.

21.1. Surrender. Tenant shall (i) surrender possession of the Premises and the City Furniture and Equipment to Landlord upon the expiration of the Term, or its earlier termination for any reason, broom clean and otherwise in as good condition and repair as the same shall be at the commencement of the Term (ordinary wear and tear excepted) and (ii) deliver the keys to the Building manager. Upon such surrender, if the Premises requires any repairs which are the responsibility of the Tenant under this Lease, Landlord shall have the right to make such repairs at Tenant's sole cost and charge Tenant interest at the Interest Rate.

21.2. Holdover. If Tenant or any other occupant remains in possession of the Premises after the expiration of this Lease without Landlord's consent, no tenancy or interest in the Premises will result, and such party shall be subject to immediate eviction and removal. Tenant shall pay to Landlord all damages sustained by Landlord resulting from such retention of possession, including the loss of any proposed subsequent tenant for the Premises and lost rent. If Tenant remains in possession of the Premises after the expiration of this Lease with Landlord's written consent but without the execution of a new lease, Tenant shall be deemed to be

occupying the Premises as a tenant at will at a rental equal to the then current fair market value as determined in the sole and absolute discretion of the Landlord and otherwise subject to all terms and conditions of this Lease.

ARTICLE XXII. SUBORDINATION AND ATTORNMENT.

22.1. Subordination. This Lease shall, without further action by any party, be subject and subordinate to any mortgage, deed of trust or other lien ("Mortgage") presently existing or hereafter created upon the Premises or the Building, and to any renewal and extensions thereof. However, any such mortgagee may instead elect at any time to make this Lease superior to such Mortgage. Tenant agrees upon demand to execute such further instruments subordinating this Lease (and containing customary and reasonable nondisturbance provisions for the benefit of Tenant and attornment provisions) as Landlord or its lender may request and to execute and return all requested documents within ten (10) days after receipt.

22.2. Attornment. In the event of any foreclosure sale pursuant to the terms of any Mortgages now or hereafter constituting a lien upon or affecting the Building, Tenant agrees that this Lease shall, at the option of the Mortgage holder, continue in full force and effect. Tenant shall, upon request, attorn to and acknowledge the foreclosure purchaser or purchasers at such sale, as Landlord.

ARTICLE XXIII. INTENTIONALLY OMITTED.

ARTICLE XXIV. NOTICES.

Any notice shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, Certified or Registered Mail, Return Receipt Requested, addressed to the parties at their addresses set out in Section 1.1, or at such other address as a party may hereafter specify by notice. Delivery by hand or by recognized overnight carrier (such as Federal Express) shall be deemed to satisfy the notice requirements of the prior sentence (effective upon the date of receipt or refusal to accept delivery). Routine communications and billings may be sent by Landlord in any manner it deems reasonable and appropriate. Any notice from Landlord's legal counsel (or other authorized agent of Landlord) shall be effective as if the same had been executed and delivered by Landlord. If multiple parties comprise Tenant, Landlord shall be required to give notice only to one of such parties, which notice shall be effective as to all parties comprising the Tenant.

ARTICLE XXV. ADMINISTRATIVE CHARGES; LATE PAYMENTS.

If Tenant fails to pay to Landlord when due any Rent or other sum, Landlord will incur administrative expenses and losses in an amount not readily ascertainable. In such event Tenant shall pay Landlord on demand an administrative charge equal to the greater of (i) \$100.00 or (ii) five percent (5%) of the past due amount. Such charge shall accrue five (5) days after the due date of the applicable Rent installment. Furthermore, if any Rent or other sum remains unpaid for thirty (30) days after its due date, such sum shall accrue interest from the original due date until paid in full at the Interest Rate.

ARTICLE XXVI. INTENTIONALLY OMITTED.

ARTICLE XXVII. LANDLORD'S LIEN.

Tenant grants to Landlord a first priority lien and continuing security interest for all Rent and all other obligations of Tenant under this Lease, upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant located in the Premises, and such property shall not be removed therefrom without the consent of Landlord, except in the ordinary course of business. Upon a Default, Landlord shall have, in addition to all other remedies, all rights and remedies under the Virginia Uniform Commercial Code, including the right to sell such property at public or private sale upon five (5) days notice to Tenant. Tenant agrees to execute such documents as Landlord requests to perfect the security interest so created, including any UCC financing statements.

ARTICLE XXVIII. MISCELLANEOUS.

28.1. No Partnership. Nothing in this Lease shall create the relationship of principal and agent or of partnership or of joint venture between Landlord and Tenant, it being understood and agreed that neither the method of computation of Rent, nor any other provisions nor any acts of the parties shall be deemed to create any relationship between the parties other than landlord and tenant.

28.2. Caption; Construction of Terms. The captions and section headings are for convenience only and do not limit or amplify the Lease provisions. This Lease shall be construed as a whole and according to its fair meaning and not strictly for or against either Landlord or Tenant on the basis that it has been prepared by or on behalf of Landlord or Tenant, both parties having contributed to its preparation. Whenever the singular is used, the same shall include the plural, and words of any gender shall include each other gender.

28.3. No Waiver. One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

28.4. Time of the Essence; Force Majeure; Notice to Lender. Time is of the essence with respect to all provisions of this Lease. However, whenever a period of time is prescribed for action to be taken the party in question shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind which are beyond such party's reasonable control. However, this provision shall not apply to the obligation of either party to make Rent or other monetary payments as and when due. If there is any Mortgage applicable to the Premises, Tenant may not exercise any remedies for default by Landlord unless and until the holder of the Mortgage shall have received written notice of such default and a reasonable time for curing such default.

28.5. Quiet Enjoyment. Landlord agrees that if Tenant shall fully pay all Rent and perform all of its covenants and agreements, Tenant shall, subject to the terms of this Lease, have the peaceable and quiet enjoyment and possession of the Premises, without molestation, hindrance, or ejection by Landlord or anybody claiming by, through or under Landlord.

28.6. Entire Agreement; Amendment. This Lease contains the entire understanding and agreement of Landlord and Tenant with respect to this transaction and supersedes all prior understandings and agreements. No modification of this Lease or waiver shall be effective unless the same is in writing and duly signed by the party against whom enforcement of such modification or waiver is sought.

28.7. Brokers/Commissions. Landlord shall recognize Broker as Landlord's exclusive agent in this Lease and shall pay to Broker a brokerage fee as set forth in a separate agreement. Except for Broker, Landlord and Tenant warrant and represent to each other that no broker, finder or agent has acted for or on behalf of such party in connection with the negotiation, execution or procurement of this Lease. Landlord and Tenant agree to indemnify, defend and hold the other harmless from and against all liabilities, obligations and damages arising, directly or indirectly, out of or in connection with a claim by any broker, finder or agent (other than Broker), including reasonable attorneys' fees, alleging to have performed service on behalf of the indemnifying party.

28.8. Estoppel Certificate. Within ten (10) days after receipt of a request, Tenant shall deliver to Landlord a duly executed and acknowledged certificate setting forth (i) that this Lease is in full force and effect, (ii) the existence of any default, including the nature or extent of such default, (iii) whether there are any defenses, counterclaims or offsets to such default, (iv) the description of this Lease, including any modifications or amendments, (v) the commencement and expiration dates of the Term, (vi) the date to which Rent has been paid, and (vii) such other matters relating to this Lease and the Premises as may be reasonably requested. Any such certificate may be relied upon by Landlord and by any other person to whom it has been delivered.

28.9. Governing Law. The internal laws of the Commonwealth of Virginia shall govern the interpretation, validity, performance and enforcement of this Lease (without reference to choice of law principles). This Lease is made, executed and delivered under seal. The designation "(SEAL)" next to the signature on behalf of any entity shall be as effective as if the entity's seal were physically affixed to this Lease.

28.10. Benefit and Burden. This Lease shall be binding upon and inure to benefit the parties hereto and their respective heirs, executors, successors, legal representatives and assigns, subject to the restrictions on assignments by Tenant under Article 17 above.

28.11. Validity and Severability. Each provision of this Lease shall be construed in such manner as to give it the fullest legal force and effect possible. To the extent any provision is held to be unenforceable or invalid, the unenforceability or invalidity of such provision shall not affect the enforceability or validity of the remaining provisions of this Lease.

28.12. Name of Building. Landlord reserves the right at any time to change the name of the Building.

28.13. Limitation of Landlord's Liability. Landlord shall be liable for the performance of its obligations only to the extent of Landlord's equity interest in the Building. No judgment entered against Landlord shall give rise to any right of execution or levy against Landlord's other assets. No agent or employee of Landlord or member of any joint venture, tenancy in common, firm, limited liability company or partnership which is Landlord, or their heirs, personal representatives, successors and assigns, shall have any personal liability to Tenant or to any person claiming under or through Tenant, for any amount or in any capacity.

28.14. Tenant's Authority. If Tenant is a corporation, partnership or limited liability company, the officers, partners or members/managers, as the case may be, executing this Lease on Tenant's behalf make the following warranties and representations upon which Landlord is relying: (i) Tenant has been duly organized, is validly existing and is in good standing in the Commonwealth of Virginia; and (ii) the officers, partners or members/managers executing this Lease on Tenant's behalf have been duly authorized by all necessary action to execute the same, and that upon execution, this Lease shall be the valid and binding obligation of Tenant.

28.15. Full Execution. This Lease shall not be effective until it has been executed by both Landlord and Tenant and a fully executed original has been delivered to each party.

28.16. Waiver of Jury Trial. Landlord and Tenant expressly waive trial by jury in any action, proceeding on any claim or matter arising out of or in any way connected with this Lease, their relationship as landlord and tenant, Tenant's use and occupancy of the Premises and/or any claim of injury or damage.

28.17. Guaranty. Intentionally omitted.

28.18. Exhibits. The following exhibits are attached to this Lease:

- A - Premises
- B - City Furniture and Equipment
- C - Rules and Regulations

WITNESS the following signatures and seals:

LANDLORD:

CITY OF NORFOLK,
a municipal corporation of the Commonwealth of
Virginia

By: _____ (SEAL)

Name: Marcus D. Jones

Title: City Manager

ATTEST:

City Clerk

Contents Approved:

David S. Freeman, Director
Department of General Services

Approved as to form and correctness:

Assistant City Attorney

TENANT:

Old Dominion University,
a _____ corporation

By: _____ (SEAL)

Name: _____

Title: _____

EXHIBIT A

THE PREMISES

(see attached)

EXHIBIT B

CITY FURNITURE AND EQUIPMENT

EXHIBIT C

RULES AND REGULATIONS

1. **NON-SMOKING PROPERTY:** The entire Building, including but not limited to parking lots, entranceways, etc., has been designated a "Non-Smoking" property. Tenant shall not permit its employees, agents, customers, licensees or invitees to smoke on the property.
2. **OBSTRUCTION OF PASSAGEWAYS:** The sidewalks, parking lots, entrances, passages, courts, elevators, vestibules, stairways, corridors, and public parts of the property shall not be obstructed or encumbered by the Tenant or used by the Tenant for any other purpose other than ingress and egress.
3. **DISPOSAL OF TRASH:** Tenant shall not permit trash or rubbish to be stored in or about the Premises, and shall cause the same to be disposed of in dumpsters provided at the Building, if any.
4. **WINDOWS:** Windows in the Premises shall not be covered or obstructed by the Tenant without prior written consent of the Landlord. No bottles, parcels or other articles shall be placed on the windowsills, in the halls, or in any other part of the Building. No article shall be thrown out of the doors or windows of the Premises.
5. **PROJECTIONS FROM BUILDING:** No awnings, air conditioning units, or other fixtures shall be attached to the outside walls or windowsills of the Building by Tenant or otherwise affixed by it so as to project from the Building, without prior written consent of the Landlord.
6. **FLOOR COVERING:** The Tenant shall not lay linoleum or other similar floor covering so that the same shall come in direct contact with the floor of the Premises without the prior written consent of the Landlord. If linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt first shall be fixed to the floor by a paste or other material that may easily be removed with water, the use of cement or other similar adhesive material being expressly prohibited.
7. **INTERFERENCE WITH OCCUPANTS OF BUILDING:** The Tenant shall not make or permit to be made, any unseemly or disturbing noises and shall not interfere with other tenants or those having business with them. The Tenant will keep all mechanical apparatus in the Premises free of vibration and noise, which may be transmitted beyond the limits of the Premises. Tenant shall not bring into the Premises or permit any item or equipment to be used in the Premises that causes electrical interference or otherwise hinders the proper operation of the telecommunications or other equipment of other tenants or occupants of the Building.
8. **LOCKS, KEYS:** Tenant shall place no additional locks or bolts of any kind on any of the doors or windows. The Tenant shall, upon the termination of Tenant's tenancy, deliver to Landlord, all keys to any space within the Building or Premises, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys furnished, Tenant shall pay Landlord the cost thereof. The Tenant, before closing and leaving the Premises, shall ensure that all its windows are closed and its entrance doors are locked.
9. **PROHIBITED ON PREMISES:** The Tenant shall not conduct or permit any other person to conduct, any auction upon the Property. Tenant shall not permit the Premises to be used for gambling, make any unusual noises in the Property, permit to be played any radio, television, recorded or wired music in such a loud manner as to disturb or annoy other tenants, or permit any unusual odors to be produced upon the Property. The Tenant shall not permit any portion of the

Premises to be used for the storage, manufacture, or sale of intoxicating beverages, illegal narcotics, tobacco in any form, or as a barber or manicure shop. Canvassing, soliciting and peddling in the Property are prohibited, and Tenant shall cooperate to prevent the same. No vehicles or animals of any kind shall be brought into or kept in or about the Premises, or the Property. No portion of the Premises shall be used as sleeping quarters at any time during the term of the Lease.

10. **FIRE HAZARDS; FIRE SAFETY:** Tenant shall not use or permit to be used in the Premises any equipment or other thing, or permit any act, that would create a fire hazard. Tenant further agrees to abide by any rules, regulations or procedures that may be established by Landlord, its insurance carrier, or any governmental agency with respect to fire prevention or safety. Tenant shall install and maintain at a readily available location within the Premises an ABC type, or equal, all purpose, hand operated fire extinguisher containing a minimum capacity of two and one-half (2-1/2 lbs.) pounds or such other capacity as may be required by Law.
11. **HEAVY ITEMS:** Tenant shall not bring into the Premises or permit to be brought into the Premises any weights or heavy items that would be beyond the safe carrying capacity of a standard office building.
12. **PLUMBING, ELECTRIC AND TELEPHONE WORK:** Plumbing facilities shall not be used for any purpose other than those for which they are constructed; and no floor sweepings, rubbish, ashes, newspaper or other substances of any kind shall be thrown into them. Waste and excessive or unusual usage or amounts of electricity and water is prohibited. When electric wiring of any kind is introduced, it must be connected as directed by Landlord, and stringing or cutting of wires will not be allowed, except by prior written consent of Landlord, and shall be done by contractors approved by Landlord. The number and locations of telephones, electrical appliances, call boxes, etc. shall be subject to Landlord's reasonable approval. Tenant shall keep the Premises heated at all times to prevent freezing of water in pipes and fixtures.

Landlord reserves the right to reasonably supplement or modify these rules and regulations from time to time during the term of the Lease upon written notice to Tenant, and Tenant agrees to abide by such supplemental or modified rules and regulations.